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1. The Austro-Czech trade negotiations were interrupted on 21 December 1952 and will probably be resumed on about 15 January 1953. The Austrian and Czech positions are now apparently set regarding the major items to be exchanged.
 - a. The Austrians will not accept less than 270,000 tons of anthracite (Gassteinkohle). The Czechs are offering only 170,000 tons.
 - b. The Austrians are willing to adjust their dollar payments for coal and their latest offer is \$ 450,000. The Czechs insist on dollar payments amounting to 17% of the total value of all coal deliveries.
 - c. The Czechs are unwilling to accept more than 5,000 tons of Austrian steel, including only 1,500 tons of new orders. They have stated that their own steel production is adequate. The Austrians would like to sell 8,500 tons. Austrian trade ministry officials believe that the present Czech stand is merely a tactical maneuver aimed at forcing the Austrians to increase their dollar payments for coal.

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- d. The Czechs are pressing for 375 tons of aluminum (Halbzeug). The Austrians are offering only 325 tons. Both parties have agreed on a price of approximately \$ 1,000 per ton.
 2. The Czechs have requested that the financial section of the trade agreement be signed now, since it has been approved by the national banks of both countries. It is apparent that the Czech delegation is trying to show some success to the Foreign Trade Ministry in Prague. The Austrians have stated, however, that they would sign only the complete agreement.
 3. Austrian industry groups are pressing for sales to Czechoslovakia and Poland since they cannot compete on Western markets.¹ Austria will probably not hold to the present offer and may be expected to make some additional concessions, such as increased dollar payments, delivery of more aluminum, and acceptance of reduced steel exports.
 4. Austria has sufficient anthracite (Gassteinkohle) to last until about 1 March 1953. There is also a large supply of brown coal. A suspension of Czech coal imports would not work a hardship on Austria since orders could be adjusted to receive coal from the Ruhr or the United States. The Austrians have been disappointed, however, with the quality of U.S. coal received by the Vienna gas plant. The quality of Czech coal delivered during September-October 1952 is also considered poor.
 5. The Austrians are requesting the Czechs to deliver \$ 500,000 worth of brown coal briquettes as partial payment of the Czech deficit resulting from the 1951/52 trade agreement.
1. Comment: It was reported in that pressure from industrial groups was greatly responsible for the Austrian official attitude that Polish coal was urgently needed, and that strategic goods would have to be delivered in return.

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